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May 14, 2008

AGENDA ITEM 6a

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

I. SUBJECT: Blue Shield NetValue Update

II. PROGRAM: Health Benefits

III. RECOMMENDATION: Information Only

IV. INTRODUCTION:

Blue Shield of California (Blue Shield) will provide to the Health Benefits Committee (HBC) a NetValue Health Maintenance Organization (HMO) Plan update. The last NetValue HMO Plan update was presented by Blue Shield in December 2007. This agenda item will be presented by Blue Shield Staff.

V. BACKGROUND:

Effective January 1, 2008, the Blue Shield NetValue HMO Plan has been offered on a side-by-side basis with the existing Blue Shield CalPERS Access+ HMO Plan, with the same comprehensive benefits. NetValue offers members access to more efficient health care providers that meet quality metrics based on nationally-recognized quality of care measures. The 2008 NetValue Basic premiums provide a rate reduction of 10 percent as compared to the 2008 Access+ Basic premiums.

The NetValue service area consists of 17 counties: El Dorado*, Fresno, Kern*, Kings, Los Angeles*, Madera, Nevada*, Orange, Placer*, Riverside*, Sacramento*, San Bernardino*, San Diego*, San Joaquin*, Santa Barbara*, Ventura*, and Yolo. **The NetValue Plan is available only in portions of these counties.*

VI. ANALYSIS:

MEMBERSHIP UPDATE:

There are a total of 101,659 members currently enrolled in the NetValue HMO Plan of which 78,519 were Access+ HMO members who were already seeing a NetValue provider; 3,000 Access+ HMO members who switched to a NetValue

provider; and 20,140 members who transferred from other CalPERS health plans.

PROVIDER NETWORK UPDATE:

The 2008 NetValue provider network includes 106 Independent Practice Associations (IPAs), or 41 percent of the 256 IPAs within the 17 county service area.

Blue Shield is currently finalizing the NetValue network for 2009. In finalizing the network Blue Shield looks to minimize member disruption whenever feasible and expand the availability of providers as appropriate, while continuing to maintain a premium differential that motivates members to choose the more cost-efficient NetValue network.

UTILIZATION/COST TRENDS:

Blue Shield is reviewing the actual NetValue 2008 utilization and unit costs compared to what was forecasted in the 2008 pricing. Although the majority of actual claims experience used in the analysis of 2008 performance relies heavily on Incurred But Not Paid (IBNP) estimates, our preliminary results show that the NetValue product is performing close to 2008 utilization and unit cost projections.

It is important to point out that as more 2008 claims are paid, Blue Shield will have a more accurate picture of how the NetValue network is performing compared to projections. Until that time, Blue Shield believes it is too soon to rely heavily on these preliminary results.

MEMBER SATISFACTION:

Blue Shield is tracking written and verbal member satisfaction related to appeals, complaints, or potential quality issues through the Grievance and Appeals reporting process.

At the May 14 HBC meeting Blue Shield will provide data with regard to appeals and grievances, including grievances related to provider complaints, for the first quarter of 2008.

2008 MEMBER OUTREACH/EDUCATION ACTIVITIES:

Blue Shield continues to reach out to members to provide them with information regarding the NetValue product. The following is a summary of activities that Blue Shield is pursuing in 2008 to promote NetValue:

Healthy Lifestyle Rewards Presentations (HLR)

At its HLR events Blue Shield always includes an overview of the NetValue program and provider network with NetValue-specific collateral. Blue Shield has held or scheduled 95 of these events in NetValue counties.

Wellness Events

Like an open enrollment fair these events allow Blue Shield to provide face-to-face member education on its programs, including information on NetValue. Blue Shield has held or scheduled 11 of these events in NetValue counties.

Health Benefit Officer (HBO) Portal

Blue Shield provides HBO's with a dedicated website to provide them with information about Blue Shield programs and services.

On this site HBO's can access:

- NetValue Brochures
- NetValue Provider Directories
- NetValue Plan Summaries for both active members, and supplement to Medicare plans.
- NetValue HMO Evidence of Coverage (EOC) Addendum
- Detailed service area listing for the NetValue network
- Self Service GroupTrak supply ordering system allows HBO's to request hard copies of NetValue marketing materials.
- Online Health Fair registration tools which are used for agencies to schedule open enrollment fairs.

CalPERS Member Portal

Blue Shield provides members with a dedicated website available to provide them with information about Blue Shield programs and services.

On this site members can access:

- NetValue Brochures
- NetValue Provider Directory
- NetValue Plan Summaries for both active members, and supplement to Medicare plans.
- NetValue HMO EOC Addendum
- Access a listing of frequently asked questions regarding the NetValue program.
- Receive information on how to enroll in a Blue Shield health plan, and select a NetValue primary care physician.
- Information on how to contact Blue Shield either through our dedicated CalPERS customer service line, or potential members can also contact member services through email

2009 Open Enrollment Efforts

For 2009 Open Enrollment Blue Shield will pursue a variety of strategies to promote NetValue:

- Provide NetValue specific training for health fair volunteers
- Continue to have NetValue specific collateral pieces that will be provided to volunteers attending NetValue county events
- Partner with NetValue IPAs to attend health fairs with Blue Shield to educate members about the NetValue network

VI. STRATEGIC PLAN:

This directly relates to Goals X and XI of the strategic plan which states:

- “Develop and administer quality, sustainable health benefit programs that are responsive to and valued by enrollees and employers.”
- “Promote the ability of members and employers to make informed decision resulting in improved lifestyle changes and health outcomes.”

VII. RESULTS/COSTS:

This is an information item only.

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Attachment